



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

September 30, 2002

The Honorable Thomas O. Jones
Chief Judge
City of Richmond-Manchester Division General District Court
400 North Ninth Street
Richmond, VA 23219

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the City of Richmond-Manchester Division General District Court for the period July 1, 2001 through June 20, 2002.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Strengthen Internal Controls

The Clerk does not consistently follow proper internal control procedures in the areas of automated systems access and manual and voided receipts. As a result, we identified the following weaknesses:

- The Clerk does not adequately control access to the courts automated financial management system. In those rare occasions when both the Clerk and the Chief Deputy are out of the office, the back-up bookkeeper uses the Chief Deputy's logon identification and password when performing higher level accounting functions such as recording journal vouchers in the financial system. The sharing of logons and passwords severely weakens the controls over the automated financial system. Each user should have a separate user identification and password to properly limit the level of access and to maintain personal accountability.

Without personal accountability, the Clerk cannot identify the responsible person should someone make errors or fraudulent entries. The Clerk should immediately ban the sharing of system logons and passwords among employees. The Clerk should also request appropriate levels of systems access from the Supreme Court for employees based upon their job responsibilities and should limit access to additional functions for planned absences from the office.

- The Clerk does not maintain proper accountability over manual receipts. While our audit did not detect any inappropriate transactions, we observed conditions that greatly increase the risk of theft or fraud. We noted that several manual receipts had inaccurate or incomplete information, the office did not maintain numerical continuity when issuing manual receipts, and in one instance, there was no documentation of the manual receipt on the End of Day report or the Receipt Number Summary form as required by Financial Management System Users Guide.
- The Clerk does not consistently retain all three copies of voided receipts and fails to document the reason for the voided receipts as required by Financial Management System Users Guide. Failing to follow the proper procedures for handling voided receipts increases the risk of errors, omissions or misappropriation of funds.
- We noted the Clerk's signature is not always present on the Daily Report Cover Sheet. Because a separation of duties is not always possible due to the small number of employees, proper supervisory review is critical to the timely detection and correction of errors. The Clerk should review his staff's work daily to ensure the accuracy and completeness of financial transactions.

The Clerk should properly monitor the office's accounting operations ensuring appropriate internal control procedures are established and enforced. The Clerk should ensure staff has the appropriate training and supervision to perform their duties so that they may comply with state laws and regulations and Supreme Court policies and procedures.

Properly Assess Fines and Costs

The Clerk does not properly assess fees in criminal cases. We noted drug cases where the Clerk failed to assess the \$75 drug offender fee as required by Section 17.1-275 A (11a) of the Code of Virginia. Additionally, the Clerk assessed the \$10 tried in absence fee on a case where the defendant was present in court, which violated Section 16.1-69.48:1 of the Code of Virginia. The Clerk needs to be more diligent in the proper assessment of fees and costs.

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We discussed these comments with the Clerk on September 30, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Gregory L. Rupe, Judge
David M. Hicks, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnne Lane, Court Analyst
Supreme Court of Virginia